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**Sent:** 12/10/2018 1:30:04 PM  
**To:** Traylor, Patrick [traylor.patrick@epa.gov]  
**Subject:** EPA Celebrates One Year Of New Source  
Review Modernization



U.S. ENVIRONMENTAL PROTECTION AGENCY  
**NEWS RELEASE**  
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## EPA Celebrates One Year Of New Source Review Modernization

*EPA Highlights Activities Taken Within The Last Year To Update The NSR Process*

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**WASHINGTON** (December 10, 2018) — On Friday, the U.S. Environmental Protection Agency (EPA) celebrated one year of New Source Review modernization and highlighted steps taken within the last year to update and modernize the New Source Review (NSR) process. In the past year EPA has taken a number of steps to provide more regulatory certainty for stakeholders while still achieving positive environmental outcomes.

“Previously, NSR regularly discouraged companies from investing in and deploying the cleanest and most efficient technologies. Through our NSR reforms, we are providing clarity to permitting requirements, improving the overall process, and incentivizing investments in the latest energy technologies,” **said EPA Acting Administrator Andrew Wheeler**. “NSR reform is a key part of President Trump’s agenda to revitalize American manufacturing and grow our economy while continuing to protect and improve the environment.”

“Initially created to provide cleaner air, the NSR permitting program has become a significant barrier to investment in modern and efficient technologies,” **said EPA Principal Deputy Assistant Administrator for Air and Radiation Mandy Gunasekara**. “This past year we have worked hard to restore NSR to its original intent where companies allocate their resources towards new, environmentally friendly technologies instead of ambiguous and overly burdensome federal regulations.”

“It has long been recognized that the NSR permitting program often imposes unnecessary costs, uncertainties, and delays on stakeholders that discourage investment and modernization of industrial facilities. EPA’s ongoing efforts to reform the program are addressing these shortcomings, thereby enhancing America’s manufacturing competitiveness and building upon historic improvements in the nation’s air quality,” **said Dan Byers, Senior Vice President—Policy, Global Energy Institute, U.S. Chamber of Commerce.**

“At the start of the Trump Administration, manufacturers asked the EPA to take a hard look at the NSR program, which can operate as a barrier to efficiency upgrades or environmentally beneficial projects. EPA responded to the challenge with a robust series of improvements to NSR. We are encouraged by EPA’s progress in this area and look forward to another strong year in 2019,” **said National Association of Manufacturers Vice President of Energy and Resources Policy Ross Eisenberg.**

“Over the last year, EPA has taken a hard look at past interpretations of the new source review regulations that were getting in the way of projects that would be wins for the environment, for productivity, and for efficiency. EPA’s actions to date have improved implementation of the Clean Air Act’s permitting programs while meeting statutory air quality requirements,” **said the Air Permitting Forum.**

“NSR modernization is a win for industry, the environment and the U.S. economy. It allows our companies to properly maintain and upgrade their facilities, without sacrificing the environment,” **said American Fuel & Petrochemical Manufacturers (AFPM) Vice President for Regulatory Affairs David Friedman.**

“Paper and wood products manufacturers welcome EPA’s recognition that times and technology have changed by taking overdue actions to clarify permitting obligations, lift some unnecessary red tape and further efforts to adopt realistic assumptions and the best science. Reforming the cumbersome environmental permit system is essential to reviving the competitiveness of U.S. manufacturing. The multiple changes EPA made this year are a big step in the right direction to streamline the air permitting systems,” **said American Forest & Paper Association President & CEO Donna Harman and American Wood Council President & CEO Robert Glowinski.**

“As an environmental regulator, I can tell you that complexity can breed uncertainty. Uncertainty can in turn have a chilling effect on projects that could otherwise improve a facility’s efficiency and emission rates. I am pleased that U.S. EPA has taken steps to clarify its positions on key NSR issues. Perhaps most importantly, EPA rolled out its ‘project emissions accounting’ policy memorandum in March 2018. This policy takes into account the true emissions impacts of an air emissions project, allowing both emissions increases and decreases resulting from a proposed project to be considered,” **said Arkansas Department of Environmental Quality Associate Director Stuart Spencer.**

“NEDA/CAP supports EPA’s NSR actions protecting air quality while promoting economic growth,” **said NEDA/CAP.**

Below are several actions the agency has undertaken over the past 12 months to improve the [NSR process](#) and related permitting programs:

- In December 2017, EPA issued a [policy memorandum](#) clarifying that, under the existing regulatory language, so long as a company complies with the procedural requirements for making a preconstruction “projected actual emissions” analysis, then EPA will not “second guess” that analysis.
- In January 2018, Assistant Administrator Wehrum issued a [guidance memorandum](#) withdrawing the 1995 “once-in-always-in” policy for classifying major sources of hazardous air pollutants (HAPs) under section 112 of the Clean Air Act, under which even sources that had curtailed HAP emissions entirely nevertheless remained subject for all time to the regulatory requirements (including recordkeeping and reporting for HAP emissions they no longer have) major sources of HAPs must meet. In that January 2018 guidance memorandum, EPA explained that the plain language of the statute allows major sources that no longer meet the statutory definition of “major source” to be reclassified at any time and no longer be subject to major source requirements. EPA is developing a proposed rule to implement this plain language reading. These steps by EPA will reduce unnecessary regulatory burdens that potentially discouraged sources from reducing or eliminating their HAP emissions and deter other innovative efforts to improve the environment.
- In March 2018, EPA issued a [guidance memorandum](#) titled, “Project Emissions Accounting Under the New Source Review Preconstruction Permitting Program,” providing EPA’s interpretation of existing NSR regulations with respect to the accounting of emissions reductions from a project under Step 1 of the NSR applicability process. By clarifying the meaning of current regulatory requirements, the memo streamlines permitting without sacrificing environmental protections, and reduces burdens to develop and expand facilities while encouraging companies to reduce pollution.
- In April 2018, EPA issued a guidance memorandum and supporting documents that recommended significant impact levels for ozone and fine particle pollution that may be used in the prevention of significant deterioration (PSD) permitting program. Permitting authorities may use the recommended values in the guidance to help determine whether a proposed PSD source or modification causes or contributes to a violation of the corresponding NAAQS or PSD increments.
- In August 2018, EPA issued the proposed Affordable Clean Energy rule which proposed revisions to the NSR program to establish a new applicability test for electricity generating units (EGU).
- In November 2018, EPA [finalized the 2010 project aggregation reconsideration](#) action which lifted the stay on the application of EPA’s 2009 interpretation on project aggregation.

- In September and November 2018, EPA issued for comment from stakeholders and other interested parties drafts of guidance memoranda addressing other issues of importance under the NSR program, including the matter of determining when two sources are sufficiently “adjacent” to one another that they should be considered a single source for purposes of permitting; and what sort of measures taken to bar the general public’s access to land can permitting authorities take account of in determining what is, and isn’t, “ambient air.” EPA intends to finalize this guidance in the New Year after considering the input received from stakeholders and other interested parties.

That is just the beginning. Informed by the feedback EPA received through the comments filed in response to Executive Order 13777, “Enforcing the Regulatory Reform Agenda” (February 2017), and drawing on its own understanding of where improvements to the NSR program are needed, the EPA intends to undertake a number of additional actions that will further modernize and streamline the NSR process, without impeding the Agency’s ongoing efforts to maintain and enhance the Nation’s air quality. Work on those new actions is already underway and will continue throughout 2019.

## Background

Congress established New Source Review as a preconstruction permitting program in the 1977 Clean Air Act Amendments. The program serves to ensure the maintenance of air quality standards around the country and that innovative technology is installed at new plants or existing plants undergoing major modifications.

Under the NSR program, before constructing a new stationary emission source or major modification of an existing source, the source operator must determine whether the project will increase emissions above a certain threshold. If so, the operator may need to get a permit from a state government or EPA that may require installation of control technology or other measures.

Learn more at: <https://www.epa.gov/nsr/nsr-regulatory-actions>.

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